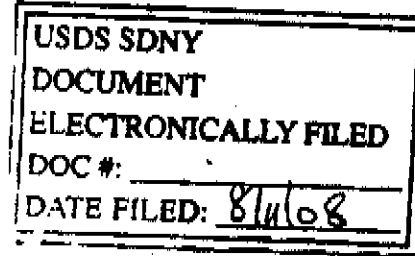


CH

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

STEVEN BYERS, JOSEPH SHERESHEVSKY,
WEXTRUST CAPITAL, LLC, WEXTRUST
EQUITY PARTNERS, LLC, WEXTRUST
DEVELOPMENT GROUP, LLC, WEXTRUST
SECURITIES, LLC, and AXELA HOSPITALITY,
LLC,

Defendants.

No. 08 Civ. 7104 (SWK)

FILED

AUG 26 2008

NR

AUG 26 2008

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

ORDER APPOINTING TEMPORARY RECEIVER

On the Application of Plaintiff Securities and Exchange Commission for an Order appointing a temporary receiver for defendants Wextrust Capital, LLC; Wextrust Equity Partners, LLC; Wextrust Development Group, LLC; Wextrust Securities, LLC; and Axela Hospitality, Inc. (collectively, the "Defendant Wextrust Entities") pending adjudication of the Commission's request for a preliminary injunction, the Court has considered (1) the Complaint filed by the Commission on August 11, 2008; (2) the Declaration of Tamara R. Heller, executed on August 10, 2008, and the exhibits thereto, including the declarations of William Schorsch, Nanette L. Wauchop and Patricia K. Singleton; (3) the Declaration of Steven G. Rawlings pursuant to Local Rule 6.1, executed on August 11, 2008, and the exhibits thereto; (5) the memorandum of law in support of Plaintiff Commission's application, dated August 10, 2008.

Based on the foregoing documents, the Court finds that a proper showing, as required by Section 20(b) of the Securities Act, and Section 21(d) of the Exchange Act, has been made for the relief granted herein because it appears that appointment of a receiver for the Defendant

08CV4887
JUDGE DOW
MAGISTRATE JUDGE BROWN

Wextrust Entities is necessary to preserve the *status quo*, to ascertain the extent of commingling of funds among the Defendant Wextrust Entities and all entities they control or in which they have an ownership interest, to ascertain the true financial condition of the Defendant Wextrust Entities and the disposition of investor funds, to prevent further dissipation of the property and assets of the Defendant Wextrust Entities and all entities they control or in which they have an ownership interest, to prevent the encumbrance or disposal of property or assets of the Defendant Wextrust Entities and the investors, to preserve the books, records, and documents of the Defendant Wextrust Entities, to be available to respond to investor inquiries, to protect investors' assets, and to determine whether the Defendant Wextrust Entities should undertake bankruptcy filings.

Good and sufficient reasons have been shown why procedure other than by notice of motion is necessary,

This Court has jurisdiction over the subject matter of this action and over the Defendants, and venue properly lies in this District.

NOW, THEREFORE,

IT IS HEREBY ORDERED that Timothy J. Coleman of Dewey & LeBoeuf, LLP, pending further order of this Court, be and hereby is appointed to act as receiver for the Defendant Wextrust Entities and all entities they control or in which they have an ownership interest, including, but not limited to, those entities listed on Exhibit A, to (1) preserve the *status quo*; (2) ascertain the true financial condition of the Defendant Wextrust Entities, of all entities they control or in which they have an ownership interest, and of the disposition of investor funds; (3) determine the extent of commingling of funds between the Defendant Wextrust Entities and all entities they control or in which they have an ownership interest; (4) prevent

further dissipation of the property and assets of the Defendant Wextrust Entities and all entities they control or in which they have an ownership interest; (5) prevent the encumbrance or disposal of property or assets of the Defendant Wextrust Entities, of all entities they control or in which they have an ownership interest, and of the investors; (6) preserve the books, records, and documents of the Defendant Wextrust Entities and all entities they control or in which they have an ownership interest; (7) be available to respond to investor inquiries; (8) determine if the Defendant Wextrust Entities and all entities they control or in which they have an ownership interest should undertake a bankruptcy filing. To effectuate the foregoing, the receiver is hereby empowered to:

(A) Take and retain immediate possession and control of all of the assets and property of the Defendant Wextrust Entities and all entities they control or in which they have an ownership interest, including, but not limited to, those entities listed on Exhibit A, and all books, records, and documents of Defendant Wextrust Entities and all entities they control or in which they have an ownership interest, and the rights and powers of it with respect thereto;

(B) Have exclusive control of, and be made the sole authorized signatory for, all accounts at any bank, brokerage firm, or financial institution that has possession or control of any assets or funds of Defendant Wextrust Entities and all entities they control or in which they have an ownership interest, including, but not limited to, those entities listed on Exhibit A;

(C) Succeed to all rights to manage all properties owned or controlled, directly or indirectly, by the Wextrust Defendants, including, but not limited to, those entities listed on Exhibit A, pursuant to the LLC and operating agreement relating to each entity;

(D) Pay from available funds necessary business expenses required to preserve the assets and property of Defendant Wextrust Entities and all entities they control or in which they have

an ownership interest, including the books, records, and documents of the Defendants, notwithstanding the asset freeze imposed by the Court's Order Freezing Assets, issued on August 11, 2008;

(E) Take preliminary steps to locate assets that may have been conveyed to third parties or otherwise concealed;

(F) Take preliminary steps to ascertain the disposition and use of funds obtained by the Defendants resulting from the sale of securities issued by the Defendants and the entities they control;

(G) Engage and employ persons, including accountants, attorneys, and experts, to assist in the carrying out of the receiver's duties and responsibilities hereunder;

(H) Take all necessary steps to gain control of the Defendants' interests in assets in foreign jurisdictions, including, but not limited to, those foreign assets listed in Exhibit A, and those funds maintained in accounts at foreign institutions listed in Exhibit B, which may be proceeds of Defendants' fraud, including, but not limited to, taking steps necessary to repatriate foreign assets;

(I) Take such further action as the Court shall deem equitable, just, and appropriate under the circumstances upon proper application of the receiver.

IT IS FURTHER ORDERED that no person or entity, including any creditor or claimant against any of the Defendants, or any person acting on behalf of such creditor or claimant, shall take any action to interfere with the taking control, possession, or management of the assets, including, but not limited to, the filing of any lawsuits, liens, or encumbrances, or bankruptcy cases to impact the property and assets subject to this order.

IT IS FURTHER ORDERED that the Defendants shall pay the reasonable costs, fees, and expenses of the receiver incurred in connection with the performance of his duties described herein, including, but not limited to, the reasonable costs, fees, and expenses of all persons who may be engaged or employed by the receiver to assist him in carrying out his duties and obligations. All applications for costs, fees, and expenses of the receiver and those employed by him shall be made by application to the Court setting forth in reasonable detail the nature of such costs, fees, and expenses, and shall conform to the Fee Guidelines that will be supplied by the U.S. Securities and Exchange Commission.

IT IS FURTHER ORDERED that a copy of this Order and the papers supporting the Commission's Application be served upon the Defendants on or before August 12, 2008, by personal delivery, facsimile, overnight courier, or first-class mail.

IT IS FURTHER ORDERED that this Order shall be, and is, binding upon the Defendants and each of their respective officers, agents, servants, employees, attorneys-in-fact, subsidiaries, affiliates and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile service, or otherwise.

SO ORDERED.

Dated:

August 11, 2008
New York, New York


RICHARD J. SULLIVAN (PART I)
UNITED STATES DISTRICT JUDGE

Exhibit A

Name	Address	County	State of Incorporation	Managing Agent (For Service)	Address of Managing Agent (For Service)
Offices Westnet Capital					
	333 W. Wacker Drive, 16th Floor Chicago, IL 60606				
	999 Waterside Drive, Suite 2220 Norfolk, VA 23510				
	114 W. 47th Street, 20th Floor New York, NY 10036				
	76 Graekop Avenue Waterloo Heights Pretoria, South Africa				
	7 Jabotinski Street, 34th Floor Ramat Gan, Israel				
	999 Waterside Drive, Suite 2220 Norfolk, VA 23510				
Westnet Securities					
	7 Jabotinski Street, 34th Floor Ramat Gan, Israel				
	333 W. Wacker Drive, 16th Floor Chicago, IL 60606				
	2424 N. Federal Highway Boca Raton, FL 33431				
	114 W. 47th Street, 20th Floor New York, NY 10036				
	15900 W. 10 Mile Road Southfield, MI 48075				
	5200 Porter Avenue Memphis, TN 38137				
Westnet Equity Partners					
	115 30th Avenue North Nashville, TN 37203				
	1200 Abernathy Road, Suite 1700 Atlanta, GA 30328				
Westnet Development Group					
	13 E. First Street Hinsdale, IL 60521				
Asia Hospitality					
	6701 Democracy Boulevard, Suite 300 Bethesda, MD 20817				
Westnet					
	45 S. Washington St., Hinsdale, IL 60521	Cook County		45 S. Washington Manager, LLC; WEP is "Manager" of the Manager; WEP is owned by Westnet Capital. Westnet Equity Partners	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westnet S. Michigan Avenue, LLC	1250 S. Michigan Ave., Chicago, IL 60605	Cook County	Illinois	Westnet S. Michigan Avenue, LLC is "Manager" of the Manager; WEP is owned by Westnet Capital. Westnet Equity Partners	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westnet S. Michigan Avenue, LLC B	1250 S. Michigan Ave., Chicago, IL 60605	Cook County	Illinois		333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westnet Highpoint	1805 High Point Dr., Naperville, IL 60563	DuPage County	Illinois		
Westnet W. Adams Esplanade	318 W. Adams St., Chicago, IL 60606	Cook County	Illinois		

EXHIBIT A

Name	Address	County	State of Incorporation	Managing Agent (For Services)	Address of Managing Agent (For Services)
625 Praxion LLC	625 West Division St. Chicago, IL 60610	Cook County	Delaware	625 Praxion Managers, LLC; WEP is "Manager" of the Manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
47 Dean Street Investors	417 Dean St., Brooklyn, NY 11201	Kings County	Delaware	47 Dean Street Managers, LLC; WEP is the "Manager" of the Manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Admiralty Registry Holdings	1800 Riverview Tower, Knoxville, TN 37902	Knox County	Tennessee	Michael Conway	330 N. Peeters Rd., Knoxville, TN 37922
ATM II LLC	--	--	Delaware	Brandon Investments, LLC which is wholly owned by WestTrust Capital, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
BankTech Holdings, LLC	Memphis, TN		Delaware	Westford Equity Partners	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Belt Made Capital Investors, LLC	24 Mine Bridge Rd., Nashville, TN 37205	Davidson County	Illinois		333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Block III Mines & Minerals, LLC			Virginia	Block III Managers, which is 100% owned by Brandon Investments, Shareholders and Byers are the managers of Brandon	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Brief Investors Sheldon Coast II			Virginia		333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
BRI Investors Sheldon Coast			Virginia		333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Cardale Park LLC	9898 Forum Park Drive, Houston, TX 77056	Harris County	Texas		333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Carlsvale Industrial Investors, LLC	780 International Blvd., Clarksville, TN 37040	Montgomery County	Oklahoma	Carlsvale Industrial Managers, LLC which is in turn owned and controlled by WEP	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Corvix	2500 Tecumseh Way, Corvix, ME 39804	Alcorn County			333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Crown-Phoenix Investors LLC	(Crown Plaza Hotel) 2532 West Phoenix Ave Phoenix, AZ 85008	Maricopa County	Delaware	Crown-Phoenix Managers, LLC; WEP is the "Manager" of the Manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Dean Street Investors LLC	44-54 Dean Street Brooklyn, NY 11201	Kings County	Illinois	Dean Street Managers, LLC; WEP is the "Manager" of the Manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Dean Street Managers LLC					
Debate Oak Brook Investors LLC	(Hypothetical Hotel) 2301 York Rd., Oak Brook, IL 60521	DuPage County	Delaware	Debate Oak Brook Managers, LLC; "Manager" of the Manager is Asoka Hospitality, LLC an affiliate of WestTrust Capital, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
East Point					
Executive Plaza, LLC					
First Highland					
First Wyoming Investors, LLC	900 28th St. S.W., Wyoming, MI 49508	Kent County	Illinois	Steve Byers First Highland Managers, LLC First Wyoming Managers, LLC; WEP is Managing Member	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Freddie Holdings					
Freemart (aka Paydirt, LLC)	1615 Poydras St., New Orleans, LA 70112		Louisiana		
GDR 1 Year @ 7.00	--				
GDR 18 months @ 7.75	--				
GDR 3 years @ 12.00	--				
GDR 3 years @ 9.00	--				
GDR 4.5% Roll-over	--				
Glade Springs					
Gold Coast Investors LLC	1818 N. Clark St., Chicago, IL 60614 (Days Inn Hotel)	Cook County	Illinois	Gold Coast Managers, LLC; WEP is the "Manager" of the Manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Grant Street Investors LLC	5726 South Washington Street, Hanstville, IL 60521	Cook County	Illinois	GSM Managers, LLC; the "Manager" of the Manager is WEP; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606

Exhibit A

Name	Address	County	State of Incorporation	Managing Agent (For Service)	Address of Managing Agent (For Service)
GSA Investors, LLC	231 East Walnut Drive, Elkhart, IN 47927 310 East Knap Street, Milwaukee, WI 53202 9858 South Sacramento, Chicago, IL 60611 6011 Odessa Road, Madison, WI 53711 4121 Southpoint Blvd., Jacksonville, FL 32217 117 South Stadeland Road, Anderson, IN 46013 10 South 2nd Street, Lafayette, IN 47904	Elkhart County Milwaukee County Cook County Deer County St. Johns County Madison County Tipton County	Illinois	GSA Managers, LLC; the "Manager" of the manager is WEP; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
GSH Development, LLC				GSH Managers, LLC	
GSH Managers, LLC				Westland Development, LLC	
GSPN 1 year @ 7.00					
GSPN 18 months @ 7.75					
GSPN 3 years @ 12.00					
GSPN 3 years @ 9.00					
Guaranteed Depository Receipts					
Hammond Industrial Investors LLC	302-511 Hyde Drive, Hammond, LA 70401	Tangipahoa Parish	Delaware	Hammond Industrial Managers, LLC; the "Manager" of the manager is WEP; WEP is owned by Westland Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Hammond II					
Horseshoe of Hinsdale Mortgage Fund II, L.L.C.	5728 South Washington Street, Hinsdale, IL 60521	Cook County	Delaware	WestTrust Hampden Funding Manager, LLC; the "Manager" of the manager is WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Hinsdale First, LLC			Illinois	First Highland Managers, LLC; owned 100% by WEP	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
High Yield Debt Fund II	1770 First Street Building, Highland Park, IL 60035	Lake County	Illinois	Hilltop Investors, LLC; WEP is the "Manager" of the manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Hilltop Apartments LLC	4528 Columbus Ave., Anderson, IN 46013	Madison County	Illinois	Hilltop Ridge Investors, LLC; WEP is the "Manager" of the manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Hilltop Ridge Apartments LLC			Illinois	Hilltop Ridge Investors, LLC; WEP is the "Manager" of the manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Homer Glen Investors LLC	West 150th Street and South Parker Rd., Homer Glen, IL 60431	Will County	Illinois	Homer Managers, LLC; the "Manager" of the manager is WEP; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Hyde Park Investors, LLC	1585 Hyde Park Rd., Essex, MD 21221	Baltimore County	Illinois	Westford Equity Partners	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
IDEX Mines and Minerals LLC			Virginia	IDEX Mining Managers, LLC owned equally by the Shiversky Family Limited Partnership and Seven Byers	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Interstate Park Investors LLC	146 and Perry Hill Road, Montgomery, AL 36108	Montgomery County	Delaware	Interstate Park Managers, LLC; the "Manager" of the manager is WEP; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Jacoby Properties					
Jeff Hill Holdings, LLC	Birmingham, AL			WTC	
Manfield LLC	2400 McCue Rd, Houston, TX 77056	Harris County	Illinois	Westtrust Capital/Westford Equity Partners	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Madison Estates	12th Avenue South and Division Street, Nashville, TN 37203	DeKalb County	Illinois	Westford Asset Management	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Music Row Investors LLC					
Myer Holdings	540 New Salem Road, Murfreesboro, TN 37129	Rutherford County	Tennessee	New Salem Managers, LLC; the "Manager" of the manager is WEP, which is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606

Exhibit A

Name	Address	County	Status of Incorporation	Managing Agent (For Service)	Address of Managing Agent (For Service)
IN Point East, LLC	New Orleans, LA			East Point Investors, LLC; WEP is the "Manager" of the manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Park Village Holdings LLC	431 Park Village Drive and 215 Center Park, Knox County Drive, Knoxville, TN 37922	Knox County	Tennessee	Park Village Managers, LLC; the "Manager" of the manager is WEP. WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Pearls Office Investors LLC	124 5th Avenue, Peoria, IL 61602	Peoria County	Delaware	Pearls Office Managers, LLC; WEP is the "Manager" of the manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
PVP Ventures, LLC					
Rand Energy					
Rand Quarry					
River's Edge Investors LLC	2025 Oakley, Intersection of West Waukegan Street and North Oakley Avenue, Chicago, IL	Cook County	Illinois	River's Edge Managers, LLC; WEP is the "Manager" of the manager	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Riverside Investors, LLC	One Riverside Road, Riverside, IL 60546	Cook County	Illinois	Westford Equity Partners, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
S. Pine Street Investors LLC	156-248 South Pine Street, Burlington, WI 53105	Racine County	Delaware	S. Pine Street Managers, LLC; the "Manager" of the manager is WEP. WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Semite				SF Managers, LLC	
SF Development Company, LLC	Passaic, NJ	Hamilton County	Delaware	Stallford Managers, LLC; WEP is the "Manager" of the manager	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Shadowbrook, LLC	2115 Chapman Road, Chattanooga, TN				
Shutliff Investors LLC					
Shutliff Court Real Investors LLC	Goodlettsville, TN	Madison	Tennessee	Tennessee Office Managers, LLC; WEP is the "Manager" of the manager	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Space Park, LLC	Multiple Cities in TN		Delaware		
Tennessee Office Investors					
Uptown Square LLC					
USPH 8.5% Reflower					
Vedanta					
West Bond Street Holdings, LLC	175-182 West Bond Street, New York, NY	New York City	Delaware	West Bond Street Holdings, LLC ("Holdings"); West Bond Street Managers ("Managers"); the manager of Holdings; WEP is the manager of the manager	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
West 62 Street Investors, LLC	175-182 West Bond Street, New York, NY	New York City	Delaware	West 62 Street Managers, LLC; WEP is the "Manager" of the manager	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
West Sheridan Investors LLC	6700 Beum Drive, Knoxville, TN and 312-322 Nancy Lynn Lane, Knoxville, TN	Knox County	Illinois	West Sheridan Managers, LLC; WEP is the "Manager" of the manager	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
2435 West Belmont Investors, LLC	2435 West Belmont Avenue, Chicago, IL 60618	Cook County	Illinois	2435 W. Belmont Managers, LLC; WEP is the "Manager" of the manager; WEP is owned by WestTrust Capital	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
WEP New Orleans				WEP	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westside Diversified Futures Fund I, LLC			Delaware	Westside Commodity Managers, LLC; the manager of the manager is WTC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westside Diversified Offshore Futures F1			British Virgin Islands	Westside Commodity Managers, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westside Principal Protected Fund I, LLC			Delaware	Westside Commodity Managers, LLC; the manager of the manager is WTC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606

Exhibit A

Name	Address	County	State of Incorporation	Managing Agent (For Services)	Address of Managing Agent (For Services)
Westside Principal Protected Offshore F.I.	---	---	British Virgin Islands	Westport Commodity Managers, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westside High Yield Debt Fund I	---	---	Delaware	West-1, LLC which is wholly owned by WestTrust Capital, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westside High Yield Debt Fund II, LLC	---	---	Delaware	WestTrust Capital, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westside High Yield Debt Offshore Fund I	---	---	Cayman Islands	WestTrust Capital, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westside Qualified Investors LLC - Dean Street	---	---	Delaware	WestTrust Capital, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westside Rubeen Holdings, LLC	Chickadee, TN	Knox County	Tennessee	Westport Road Investors, LLC is managed by Westport Road Managers, LLC, the Manager. WEP is the "Manager" of the Manager.	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Westport Road Investors LLC	1351 Westport Road, Knoxville, TN	Knox County	Tennessee	Westport Road Managers, LLC; the "Manager" of the Manager is Steve Byers through WEP	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
York Road Investors LLC	116-118 North York Road, Edinburg, IL 60126	DuPage County	Delaware	York Road Managers, LLC; the "Manager" of the Manager is Steve Byers through WEP	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Other Property					
Westport Capital - Annuity	Falcon 20	---	---	---	---
Steve Byers - Residence	2 York Lakes Ct Oak Brook, IL	---	---	---	---
Steve Byers - Condo	Marco Naples Boca Chicago, IL	---	---	---	---
Joseph Shestakovsky - Residence	801 E. Maryland Ct. Northbrook, VA 22507	---	---	---	---
Joseph Shestakovsky - Other Jeremy Properties Semi-Sub	---	---	---	---	---
FINES					
GDR 1 year @ 7.00	---	---	---	---	---
GDR 18 months @ 7.75	---	---	---	---	---
GDR 3 years @ 12.00	---	---	---	---	---
GDR 3 years @ 9.00	---	---	---	---	---
GDR 3.5% Roll-over	---	---	---	---	---
GSPM 1 year @ 7.00	---	---	---	---	---
GSPM 18 months @ 7.75	---	---	---	---	---
GSPM 3 years @ 12.00	---	---	---	---	---
GSPM 3 years @ 9.00	---	---	---	---	---
Guaranteed Deposit Receipts	---	---	---	---	---
High Yield Debt Fund II	---	---	---	---	---
USPM 0.5% Roll-over	---	---	---	---	---
Westside Diversified Futures Fund I, LLC	---	---	---	---	---
Westside Diversified Offshore Futures	---	---	---	---	---
Westside Principal Protected Fund I, LLC	---	---	---	---	---
Westside Principal Protected Offshore Fund I, LLC	---	---	---	---	---
Westside High Yield Debt Fund I	---	---	---	---	---
Westside High Yield Debt Fund II, LLC	---	---	---	---	---
Westside High Yield Debt Offshore Fund Ltd.	---	---	---	---	---
Westside Qualified Investors LLC - Dean Street	---	---	---	---	---

Exhibit A

Name	Address	County	State of Incorporation	Managing Agent (For Service)	Address of Managing Agent (For Service)
Africa					
Pure Africa Mining & Minerals	75 Goodkop Avenue Waterford Heights Pretoria, South Africa				
PAM Export (Pty) Ltd.	SA Jewellery Center, 225 Main Street Suite 529 Johannesburg 2001, South Africa				
ATM II LLC	—	—	Delaware	Brandon Investments, LLC which is wholly owned by Matrimonial Capital, LLC	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Block RI Mines & Minerals, LLC			Virginia	Block III Managers, which is 100% owned by Brandon Investments, Shershevsky and Byers are the managers of Brandon	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
Bret Investors Skeleton Coast RI Bret Investors Skeleton Coast			Virginia	IDEX Mining Managers, LLC owned equally by the Shershevsky Family Limited Partnership and Steven Sykes	333 W. Wacker Dr., Suite 1600 Chicago, IL 60606
IDEX Mines and Minerals LLC			Virginia		
Rand Energy					
Rand Quarry					
Skeleton Coast Bret Investors LLC					
Vaccaro					
South Africa					
Lothemburg Coopers	Northwest Freeway, South Africa 142 to 1st Kilometer and Schweizer Renne				
Skeleton Coast Mine	South Africa				
Tropical Paradise Trading 508 (Pty)	Namibia				
Golden Ribbon Trading 301 (Pty) Ltd.	South Africa				
Earth Mining					
REDLEX 420 (Pty) Ltd.	Namibia				
African Spirit 152 (Pty) Ltd.	Namibia				
Vaccaro Traders (Pty) Ltd.					
Rapcorp (Pty) Ltd.					
Deva Investment (Pty) Ltd.					
Pure Africa Minerals (Pty) Ltd.					
Pure Africa Holdings (Pty) Ltd.					
Pure Africa Investment (Pty) Ltd.					
African Spirit Trading 250 (Pty) Ltd.					
PAM Export (Pty)	SA Jewellery Center 225 Main Street Suite 529 Johannesburg 2001, South Africa				
Brandon Investment LLC					
Thunder Energy LLC	168 San Nujoma Drive Walrus Bay				
Bret Investments (Pty) Ltd	275 Charles Street, Brooklyn, Pretoria, Province of Gauteng, South Africa P.O. Box 5280, Pretoria, 0001 Province of Gauteng, South Africa				

Bank	Address	Routing	Account Numbers	Account Names
ABSA	Abse Tower East 170 Main Street, 3rd Floor Johannesburg South Africa		4064343644	Pura Africa Minerals
Avenue Bank	111 10th Avenue South, Suite 400, Nashville, TN 37203	61003415	1006400924 3000000111	Wextrust Equity Partners, LLC
Bank Hapoalim (Israel)			58884049 59977083	Wextrust Securities Summit Capital
Bank One Oklahoma, NA	Oklahoma City, OK	103000545	6308775	Uptowne Square, LLC
Broadway Bank	5980 N. Broadway, Chicago, IL 60606	071002419	11211801 Loan #315175	W. 82nd Street Holdings, LLC W. 82nd Street Holdings, LLC Crown Plaza
Central Carolina Bank & Trust	Winston-Salem, NC	58100465	571096310	Hilltop Ridge Apartments
Charter One	71 South Wacker Drive, Suite 2900, Chicago, IL 60606	241070417	4510284240 4510284194 6016 6480 6113 6202	Peoria Office Investors, LLC 625 Paragon Investors, LLC (Escrow) 47 Dean Street Investors LLC (Escrow) Crown Plaza Investors LLC (Escrow) Crown Plaza Investors LLC (Operating) Drake Oak Brook Holdings
Citibank F.S.B.	Chicago, IL 60606	271070801	0800588073 0800498429 0800575540 0800802130 0800802149 0800575532 0800575583 0800575575 0800580331 0800670144 080044181 0800584957 0800575558 0800575567 0800499429 0800584973 0800575516 0800575524 0800610184 0800575508 0800576172 0800499429 0800499445 0800584049 0800588073 0800588103	High Yield Debt Fund III Baxtech Belle Meade Dean Street Investors, LLC Dean Street Managers LLC First Wyoming Investors Gold Coast Investors LLC Grant Street Investors, LLC GSA Investors, LLC Hampshire of Hinsdale Mortgage Highland Park Homer Glen Investors, LLC Hyde Park McCue Music Row New Salem Investors, LLC Park Village Holdings, LLC River's Edge Investors, LLC Tennessee Office Investors, LLC West Bearden Investors, LLC West Belmont Investors, LLC Wextrust Capital LLC Wextrust Capital LLC (payroll) Workman Road Investors, LLC High Yield Debt Fund III Wextrust HPC Mortgage Fund
Citibank, NA	Chicago, IL	271070801	0800499287	Riverside
Fifth Third Chicago	Chicago, IL	042000314	7231188606 7231188558	High Yield I Wextrust High Yield
First National Bank (Mentyn Park Branch)	South Africa Branch Code: 252645		62142880413 6214288116	Pura Africa Minerals - Toscanini Pura Africa Minerals (Pty) Ltd Bret Investors Skeleton Semjee Block III
Heritage Bank	Chicago, IL		1097	
Hinsdale Bank & Trust	25 East First Street, Hinsdale, IL 60521	71925402	250025590 250031701	Wextrust Development 82nd Street - Wextrust Dev. Grp
LaSalle Bank, NA	Chicago, IL	071000505	5201558857 2090067 (725103)	York Road Investors, LLC Wextrust High Yield Debt Offshore
Mizrahi Tefarot Bank	Tel Aviv, Israel			
National City Bank of Indiana	Anderson, IN	074000085	501811862	Hilltop Apartments, LLC
Northern Trust Company	50 South LaSalle Street, Chicago, IL	071000152	3600368595 2260581 2358911 2641459	Wextrust Capital Wextrust Equity Partners Steven Byers Steven T. Byers
Park National Bank	11 E. Madison St. Oak Park, IL 60302	071820559	3003833153	The Drake Oak Brook, LLC
Southwest Bank	Houston, TX	113011256		Castle Park, LLC
Terra Nova Financial	100 S. Wacker Dr. Suite 1550, Chicago, IL		3252-9999	Joseph Shereshevsky

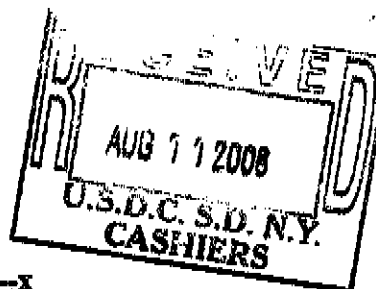
Link	Address	Routing	Account Numbers	Account Names
Wachovia Bank	125 Independence Blvd. 3rd Floor Virginia Beach, VA 23462	51400548	2000034754854 2000026123193 2000020461070 2000020639123 200002088459 2000020406190 2000028373788 2000025123025 2000026272470 2000026272412 2000026272409 2000026271983 2000017257148 2000026373843 6331 6190 7158 4887 3849 3759 3830 3720 0810 1003 3038 1113 2522 2470 2483 1070 9123 2089 2085 2386 2658 7145 2845 4449 3193 1139 4177 4180 4410 4423 4397 4407 9194 0936 3791 0923 2990 0994 2140 2216 6297 6307 6174 2137 6310 2000026272583 3898 3808 3824 4883 3852 0781 2580 6336	625 Paragon Investor's LLC ATM II, LLC Westtrust Securities (Operating) Westtrust Securities (Money Market) Westtrust Capital LLC Westtrust Capital LLC Distributions Crowne Plaza Escrow Drake Oak Brook Investors, LLC Westford High Yield III - MMF High Yield Debt Fund III - Escrow High Yield Debt Fund III - MMF W. 62nd St Escrow Westford High Yield Fund 47 Dean Street Not Provided Westtrust Capital LLC Disbursements Westtrust Capital LLC Sweep 625 Paragon Investors, LLC MMF S. Pine Street Investors, LLC Escrow Hammond Industrial Investors LLC Escrow Clarkeville Investors LLC Escrow Cleveland Industrial Investors LLC Escrow Crowne Plaza Investors LLC Sweep Drake Oak Brook Holdings Sweep Peoria Office Investors, LLC Escrow Peoria Office Investors, LLC Sweep Westford High Yield Fund IV LLC Escrow GDR Tier Escrow GDR Tier Sweep Westtrust Securities LLC Escrow Westtrust Securities LLC Sweep West Belmont LLC Escrow QSA Investors LLC Escrow Tennessee Office LLC Escrow Interstate Park Escrow Westford High Yield Fund II LLC MMF Shallowford Investors LLC Hamptons of Hinadale Mortgage Fund, LLC (B Checking) ATM II, LLC Escrow ATM II, LLC Sweep Block III Mines & Minerals Escrow Block III Mines & Minerals Sweep Block III Investors, LLC (Business Checking) Block III Investors, LLC (Money Market) Block III Managers, LLC (Business Checking) Block III Managers, LLC (Money Market) Brandon Investors LLC Brel, LLC Bret Investors Skeleton Coast LLC Escrow Bret Investors Skeleton Coast LLC Sweep Bret Investors Skeleton Coast III Escrow Bret Investors Skeleton Coast III Sweep IDEX Mine & Minerals, LLC Escrow IDEX Mine & Minerals, LLC Sweep Lindsey Energy, LLC Lion's Walk LLC Lion's Walk Lodge LLC Pure Africa International LLC Pure Africa Investments, LLC Pure Africa Minerals, LLC PAM, LLC - Randfontaine PAM, LLC - Celpers PAM, LLC - Block III PAM, LLC - Lichtenburg Skeleton Coast Bret Investors LLC Escrow Skeleton Coast Bret Investors LLC Sweep Semjee Consulting LLC Vaticano Traders LLC

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



SECURITIES AND EXCHANGE COMMISSION

Plaintiff,

- against -

STEVEN BYERS, JOSEPH
SHERESHEVSKY, WEXTRUST CAPITAL, LLC,
WEXTRUST EQUITY PARTNERS, LLC,
WEXTRUST DEVELOPMENT GROUP, LLC,
WEXTRUST SECURITIES, LLC, and
AXELA HOSPITALITY, LLC,

Defendants.

08 Civ. 7104 (SK) ECF CASE

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendants Joseph Shereshevsky ("Shereshevsky"), Steven Byers ("Byers"), Wextrust Capital, LLC ("Wextrust"), Wextrust Equity Partners, LLC ("WEP"), Wextrust Development Group, LLC ("WDG"), Axela Hospitality LLC ("Axela") and Wextrust Securities, LLC ("Wextrust Securities") (collectively "the Defendants"), alleges:

SUMMARY

1. The Commission brings this emergency action to halt ongoing fraudulent offerings of securities by a convicted felon, Defendant Shereshevsky, and his partner Defendant Byers (collectively, the "Individual Defendants"); The Individual Defendants, acting through Wextrust and its affiliated entities, Defendants Wextrust Securities, WEP, WDG and Axela (collectively, the "Wextrust Entities or Wextrust Entity Defendants"), have raised at least \$255 million from at least 1,196 investors throughout the United States and abroad.

2. Altogether the Defendants have conducted at least 60 private placement offerings and created approximately 150 entities in the form of limited liability companies or similar vehicles to act as issuers or facilitators of the offerings (collectively the "LLC Entities"). The vast majority of these offerings occurred between 2005 and 2008. However, at least four offerings occurred as early as 2002. Through these private placement offerings, the Defendants have sold securities to investors in the form of investment contracts, notes or other evidence of indebtedness.

3. Defendants have been fraudulently raising money in the various offerings, each of which purportedly is for a particular investment, without disclosing that funds raised were actually being used to pay prior investors in unrelated offerings and to make unauthorized payments to fund the operations of the Wextrust Entities, which were operating at a deficit. An internal Wextrust combined "balance sheet" shows that as of December 31, 2007, Wextrust Entities "borrowed" at least \$74 million from the LLC Entities and also "lent" at least \$54 million to various LLC Entities. The Defendants are raising money and commingling funds in contravention of specific representations in private placement memoranda that investor funds

will be used for specific investments in real estate or other assets identified in offering memoranda.

4. For example, the Defendants falsely represented to investors that more than \$9 million raised in a 2005 offering would be used to purchase seven specifically identified real estate properties that were leased by federal government agencies, such as the General Services Administration (the "GSA offering"). In fact, the Defendants never purchased the seven properties identified in the GSA offering documents. Moreover, at the time the offering occurred, Defendants knew or were reckless in not knowing that the seven properties would not be acquired. Significantly, while the offering was ongoing, the Wextrust Entities "borrowed" more than \$6 million from the funds raised in the GSA offering and used these funds for purposes unrelated to the GSA offering.

5. In the private placement memoranda distributed to investors, and Wextrust's website, the Defendants have also failed to disclose to investors that Defendant Shereshevsky is a convicted felon who pleaded guilty to bank fraud. Defendants Wextrust Securities, Byers and Shereshevsky are also violating the Commission's broker-dealer registration requirements because the Form BD filings fail to identify Defendant Shereshevsky as a controlling person of Wextrust Securities, and fail to disclose Shereshevsky's felony conviction. Also, Defendant Shereshevsky, while acting as a broker, has failed to register with the Commission or be properly licensed as associated with Wextrust Securities. In addition, while Defendants Byers and Shereshevsky are openly managing Wextrust Securities and soliciting investors for the securities offerings, they have failed to pass proper licensing examinations, such as the Series 7 and 24.

6. Expedited relief is needed because the Defendants are in the midst of raising

funds from new private placement offerings and plan to divert funds raised from new investors to repay moneys owed to investors in prior offerings and to meet other expenses of the Wextrust Entities. To halt the ongoing fraud, maintain the status quo and preserve any assets for injured investors, the Commission seeks emergency relief, including temporary restraining orders and preliminary injunctions, and an order: (i) imposing asset freezes against the Defendants; (ii) appointing a receiver over the Wextrust Entity Defendants; (iii) allowing expedited discovery and preventing the destruction of documents; and (iv) requiring the Defendants to provide verified accountings. The Commission also seeks permanent injunctions, disgorgement of ill-gotten gains, plus prejudgment interest and civil monetary penalties against all of the Defendants.

VIOLATIONS

7. By virtue of the conduct alleged herein:

- a. All Defendants directly or indirectly, singly or in concert, have engaged, and are engaging, in acts, practices, schemes and courses of business that constitute violations of Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a) and Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5;
- b. Wextrust Securities violated, and is continuing to violate, Sections 15(b)(1), 15(b)(7) and 15(c)(1) of the Exchange Act, 15 U.S.C. §§ 78o(b)(1)&(7) and 78o(c)(1), and Rules 10b-3, 15b1-1, 15b3-1 and 15b7-1 promulgated thereunder, 17 C.F.R. §§ 240.10b-3, 240.15b1-1, 240.15b3-1

and 240.15b7-1;

- c. Shereshevsky violated, and is continuing to violate, Section 15(a) or alternatively, aided and abetted, and is continuing to aid and abet, Wextrust Securities' violations of Sections 15(b)(1), 15(b)(7) and 15(c)(1) of the Exchange Act, 15 U.S.C. §§78o(b)(1)&(7) and 78o(c)(1), and Rules 10b-3, 15b1-1, 15b3-1 and 15b7-1 promulgated thereunder, 17 C.F.R. §§ 240.10b-3, 240.15b1-1, 240.15b3-1 and 240.15b7-1; and
- d. Byers aided and abetted, and is continuing to aid and abet, Wextrust Securities' violations of Sections 15(b)(1), 15(b)(7) and 15(c)(1) of the Exchange Act, 15 U.S.C. §§78o(b)(1)&(7) and 78o(c)(1), and Rules 10b-3, 15b1-1, 15b3-1 and 15b7-1, 17 C.F.R. §§ 240.10b-3, 240.15b1-1, 240.15b3-1 and 240.15b7-1.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

7. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act, 15 U.S.C. § 77t(b), and Section 21(d)(1) of the Exchange Act, 15 U.S.C. § 78u(d)(1), seeking to restrain and enjoin permanently the Defendants from engaging in the acts, practices and courses of business alleged herein.

8. In addition to the injunctive and emergency relief recited above, the Commission seeks: (i) final judgments ordering Defendants to disgorge their ill-gotten gains with prejudgment interest thereon; and (ii) final judgments ordering the Defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange

Act, 15 U.S.C. § 78u(d)(3).

JURISDICTION AND VENUE

10. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and Sections 21(e) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(e) and 78aa.

11. Venue is proper in the Southern District of New York pursuant to 28 U.S.C. § 1391. The Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices and courses of business alleged herein. A substantial part of the events comprising Defendants' fraudulent scheme that gives rise to the Commission's claims occurred in the Southern District of New York, including that Wextrust and Wextrust Securities maintain offices in this District and certain of the Defendants misappropriated investor funds for personal use from bank accounts serviced by banks in this district. Upon information and belief, the Defendants have solicited approximately \$17.8 million from 90 investors who either reside in the Southern District of New York or who have chosen to have their distribution checks mailed to an address within this district.

THE DEFENDANTS

12. Steven Byers, age 46, is a resident of Oakbrook, Illinois and owns sixty percent of Wextrust. He is the Chairman of Wextrust and President and Chief Operating Officer of WEP, the arm of Wextrust focusing on income-producing properties, and is also an owner or controlling person of Wextrust Securities. Offering materials explain that in 1994 Byers founded ASG Financial Services, Wextrust's predecessor, which underwrote debt and equity investments.

In 1996, Wexford Bancgroup was formed to focus on the commercial mortgage-backed securities and specialty finance businesses. In 2003, Byers formed the current Wextrust.

Offering materials state that Byers has twenty years experience in the finance-related lending and investment business and was a former bank examiner and valuation specialist with a supervisory entity. Byers' sixty percent ownership of Wextrust is comprised of twenty percent outright ownership and forty percent owned through interests in the Brandon Family Limited Partnership and Lindsay Investment Limited Partnership. Together with Defendant Shereshevsky and Partner A, Byers controls the Wextrust Entities. Although records from the broker-dealer, Wextrust Securities, evidence that Byers is managing the broker-dealer and has solicited investors in different offerings and effected securities transactions while associated with that broker-dealer, records from the Financial Industry Regulatory Authority ("FINRA") show that Byers has not passed any licensing exams.

13. Joseph Shereshevsky, a/k/a Joseph Heller or "Yossi", age 52, is a resident of Norfolk, Virginia and owns twenty percent of Wextrust through a partnership interest held in the name of his wife. Shereshevsky was, until recently, Wextrust's Chief Operating Officer, and, according to offering materials, has been a key person in building Wextrust's private equity group, has greatly increased Wextrust's access to capital, was instrumental in founding Wextrust Securities, and was responsible for Wextrust's expansion into diamond mining investments in Africa. He has a background in the diamond commodity business and is well known in the Orthodox Jewish community. In March 1993, Shereshevsky was arrested for bank fraud, among other things. In June 2003, Shereshevsky pleaded guilty in the Southern District of New York to one felony count of bank fraud. He was sentenced to time served, 24 months supervised release

and ordered to pay restitution in the amount of \$38,797.90, which judgment was satisfied on February 15, 2005. Although records from the broker-dealer, Wextrust Securities, evidence that Shereshevsky is managing the broker-dealer and has solicited investors in different offerings and effected securities transactions while associated with that broker-dealer, there are no records from FINRA showing that Shereshevsky has passed any licensing exams. Shereshevsky was not registered as a broker or dealer, nor was his association with Wextrust Securities disclosed.

14. WexTrust, an Illinois limited liability company, was formed by Byers in 2003. According to the company's website, Wextrust is a globally diversified private equity and specialty finance company, specializing in investment opportunities ranging from real estate to specialty finance and investment banking. Wextrust is headquartered in Chicago, Illinois and maintains offices in New York, New York, Norfolk, Virginia, Atlanta, Georgia, Boca Raton, Florida, Nashville, Tennessee, Tel Aviv, Israel and Johannesburg, South Africa. Wextrust purports to have five main areas of business: (1) Wextrust Securities, a registered broker dealer that acts as selling agent for Wextrust's offerings of units in various limited liability companies; (2) WEP, which purportedly manages \$500 million of real estate owned by various limited liability companies whose units were sold to investors in offering; (3) Wextrust Commodities Managers, LLC, which manages various managed futures funds with assets of approximately \$15 million; (4) certain high yield debt funds, which manage assets of approximately \$35 million; and (5) certain interests in diamond mines and operations in Africa held through Pure Africa Mining Ltd. and other affiliates, in which Wextrust has a substantial interest.

15. WEP is an Illinois limited liability company headquartered in Chicago, Illinois, engaged in the business of buying real estate assets, generally through its partially-owned

subsidiaries. According to WEP documents, WEP is the beneficial owner of approximately 120 entities formed for the purpose of owning equity interests in commercial and multi-family real estate assets. Wextrust owns at least 80% of WEP and is its manager and majority member. Between September 2006 and December 2007, WEP sold to investors approximately \$8.6 million in promissory notes in WEP with varying maturities and terms, of which approximately \$6.2 million in principal remain outstanding. In December 2007, WEP commenced a new offering of securities in the form of Guaranteed Subordinated Promissory Notes ("GSPNs") in five varying maturities and terms with corresponding interest rates, each guaranteed by Wextrust. To date, WEP has raised approximately \$4.6 million from investors purchasing GSPNs.

16. **WDG** is an Illinois limited liability company headquartered in Chicago, Illinois, in the business of developing real estate assets. Wextrust owns 80% of WDG.

17. **Wextrust Securities** is a broker-dealer registered with the Commission and a Virginia limited liability company headquartered in Norfolk, Virginia. It employs thirty-six registered representatives and maintains branch offices in New York, New York, Norfolk, Virginia, Chicago, Illinois, Southfield, Michigan, and Ramat Gan, Israel. It was formed in March 2005, registered with the Commission in March 2006, and has been a licensed broker dealer since that time. Defendant Wextrust owns 21% of Wextrust Securities. Byers, through the Byers Family Partnership, owns another 5% of Wextrust Securities. Shereshevsky, through the Shereshevsky Family Partnership, owns another 7% of Wextrust Securities.

18. **Axela** is an affiliate of WexTrust Capital. Axela, through its LLC subsidiaries, owns and operates Wextrust's hotel properties, including the Axela Baltimore Hotel and the Park

View Hotel in Chicago, Illinois, and provides asset management services to other Wextrust affiliated LLCs, such as Crowne-Phoenix Investors LLC.

FACTS

A. The Securities Offerings

19. The Individual Defendants, Byers and Shereshevsky, formed Wextrust in 2003 with Partner A with the business purpose to find investment opportunities, mainly in undervalued real estate assets, and fund the acquisition of the assets through loans and the offering of private placement securities. Wextrust Securities was created in 2005 to act as the selling agent for the private placement offerings. Byers was Chairman of Wextrust and involved with real estate investments. Shereshevsky's role was to take the lead in soliciting investors through his wide contacts in the Orthodox Jewish community and to manage the offerings and investments relating to the purchase of real estate and specific assets, including diamond mining interests in Africa.

20. The Individual Defendants and Defendant Wextrust Entities have conducted at least 60 securities offerings and raised at least \$255 million from at least 1,196 investors. Most of these offerings occurred between 2005 and 2008, although at least four offerings occurred as early as 2002. Many of the securities offerings involved the sale of "preferred membership interests" in the LLC Entities, which were limited liability corporations created by Wextrust as the investment vehicle for the specific offering. These investments are securities in the form of investment contracts, notes or other evidence of indebtedness.

21. Upon information and belief, Wextrust, directly, or through WEP, WDG and Axela, exercises sole ownership or control over the LLC Entities. Wextrust Securities, the

registered broker-dealer, acts as a placement agent for most of the private placements. In many of the securities offerings, the private placement memorandum represents that the proceeds raised from the investors, together with a mortgage loan, will be used to purchase and operate a specific commercial real estate property. The offering materials also generally represent that investors will receive a fixed rate of return per annum, together with profits obtained from any sale or operation of the property. In each offering, a Wextrust Entity, managed by Byers, Shereshevsky and others, manages the limited liability investment. In many instances, the offering documents provide that profits from the investments will be shared 30% by the Defendants and 70% by the investors. In many instances, the offering documents promised investors fixed interest payments, such as 8.5% percent over the course of the investment.

22. In addition to conducting securities offerings of preferred interests in LLC Entities that purchase real estate in the United States, the Defendants have conducted securities offerings for entities that are investing in real estate abroad. Records obtained from Wextrust Securities indicate that the Defendants have raised at least \$47 million in at least six private placements, which, according to the private placement memoranda, was to be used to purchase directly or indirectly interests in certain diamond mines in South Africa and Namibia. The Defendants have also conducted offerings on behalf of limited liability companies or other entities that invest in non-real estate assets.

B. Fraudulent Misrepresentations In the Various Securities Offerings

23. The Defendants have knowingly or recklessly made false and material misrepresentations to investors about the offerings and specifically about the uses for investor money raised in the offerings. The Defendants have not disclosed that funds raised, purportedly

for specific investments, are actually being diverted to pay investors in prior offerings and to pay the operating expenses of the various Wextrust Entities. During the past year the inter-fund transfers have greatly escalated and the Wextrust Entities are running a substantial deficit on funds owed to various investors.

24. Records from Defendant Wextrust Securities reveal that the Defendants have transferred more than \$100 million between entities. A combined balance sheet circulated by email on May 3, 2008, from Wextrust's comptroller to Byers, shows "liabilities" of Wextrust as of year end 2007. The balance sheet lists 45 "loans", totaling more than \$74 million that were made by LLC entities that had recently raised money in private placements to other LLC entities that were in need of cash. The same balance sheet includes "negative" liabilities that, on information and belief, reflect "receivables" owed to Wextrust Entities from various LLC Entities: i.e., loans that the Wextrust Entities made to those investment entities. These transfers of funds between the bank accounts of the various LLC Entities (which raised funds from investors) and the bank accounts of the Wextrust Entities are in violation of the offering documents provided to investors by the Defendants and contrary to representations in the offering memoranda that proceeds will be used only for specific purposes.

1. The GSA Offering Fraud

25. In 2005, the Defendants created GSA Investors, LLC to act as the issuer for a \$9 million private placement. According to the offering memorandum, the proceeds raised were to be used to purchase and operate seven commercial properties leased to the U.S. General Services Administration.

26. At the time the Defendants were soliciting investors for this private placement, they knew, or were reckless in not knowing, that the proceeds raised would not be used to acquire the properties. Instead, the Defendants knew or recklessly disregarded that the proceeds raised would be diverted to other purposes. In fact, GSA Investors LLC did not acquire any real property.

27. GSA Managers, LLC is the manager of GSA Investors, LLC. The GSA private placement memorandum dated November 22, 2005 ("GSA PPM") represents that Defendant Byers is the president and Defendant Shereshevsky is an executive officer of GSA Managers. Defendants Byers and Shereshevsky, together with Wextrust, controlled the issuer, GSA Investors LLC.

28. GSA Investors, LLC issued the GSA PPM seeking to raise \$9 million from investors. According to the GSA PPM, the purpose of the offering was to raise funds that, together with a bank loan, would be used to "acquire, operate, sell, refinance, mortgage and otherwise use and own for profit an undivided indirect interest in the Properties, consisting of seven buildings all leased to the United States of America General Services Administration located in Wisconsin, Illinois, Indiana and Florida."

29. The GSA PPM represented that the purchase price for the seven properties will be approximately \$28.3 million, that GSA Investors, LLC intends to raise \$9.2 million by selling interests to "Preferred Members" and intends to assume a mortgage covering the properties in the amount of approximately \$21.6 million. The GSA PPM also represented, in the "Use of Proceeds" section, that the \$9.2 million raised from investors will be used to pay a portion of the

purchase price of the properties, closing costs, commissions and other expenses associated with acquiring the properties and to establish a working capital reserve.

30. The GSA PPM specifically identifies the mortgages that will be assumed in connection with the purchase, and further represents that "the Company is acquiring the Properties, in the Manager's view, at below replacement cost, thereby creating an immediate margin of safety for its investors."

31. The GSA PPM also represents that the Manager (GSA Managers, LLC, which is managed by defendant WEP) "believes that the Properties, a government-tenant portfolio with seven office buildings in prime locations: (i) present a superior investment opportunity in terms of offering a stable, government backed return which limits investors' downside; (ii) are located in markets which present sound demand characteristics and property appreciation possibility; and (iii) will be efficiently managed."

32. All of these representations were false. Moreover, the Defendants knew or were reckless in not knowing they were false. These misrepresentations were also material to investors. In fact, the Defendants acquired no real property with the proceeds of the GSA offering.

33. Based on these material misrepresentations and omissions and others, in 2005 and 2006, GSA Investors, LLC raised approximately \$9 million from 103 investors. In 2007, GSA raised an additional \$457,000 through Wextrust Securities. At the time the GSA PPM was used to solicit these investments, the Defendants knew that they had not purchased, and would not be purchasing, any property with the funds raised by GSA Investors, LLC.

34. The Wextrust combined balance sheet shows that the Defendants diverted to the Wextrust Entity Defendants \$6,554,400 from GSA Investors, LLC as of December 31, 2007.

35. The GSA PPM touts Shereshevsky as "an executive officer of the Manager and is the Director of Operational Services of WexTrust Asset Management. Mr. Shereshevsky has been involved in real estate and multi-family management for the past 15 years and is a Principal of WexTrust Capital." The GSA PPM fails to disclose Shereshevsky's prior felony conviction. Defendants Byers and Shereshevsky knew or were reckless in not knowing of Shereshevsky's conviction.

36. Wextrust Securities acted as the placement agent in the sale of GSA LLC securities and several registered representatives at Wextrust Securities received commissions in connection with those sales. Shereshevsky and his wife unlawfully received transaction based compensation in 2007 of approximately \$9,890, which is approximately 2.2 percent of the \$457,000 raised by Wextrust Securities for GSA.

37. In a November 16, 2007 email from Partner A to Shereshevsky, Partner A acknowledged that the GSA offering, and other offerings by the Defendants, were frauds stating "You raised \$9,000,000 from investors for GSA i.e. properties that never existed phony PPMs, etc. . . . Guys from enron got 20 years for doing that . . . You co-mingled (sic) funds over 100 times. Wiring high yield (another offering) funds for payroll, Africa, etc. is a crime."

2. The Crowne-Phoenix Offering Fraud

38. Crowne-Phoenix Investors LLC ("CP Investors") is a real estate LLC that the Defendants formed to acquire a "membership interest" in Crowne-Phoenix Holdings LLC ("CP

Holdings"). According to the Crowne-Phoenix Investors private placement memorandum dated August 8, 2007 ("Crowne-Phoenix PPM"), CP Holdings was formed to acquire a Crowne Plaza branded hotel in Phoenix, Arizona.

39. Crowne-Phoenix Managers, LLC is the manager of CP Investors. The Crowne-Phoenix PPM represents that Defendant Byers is the President of Crowne-Phoenix Managers. Defendant WEP is the manager of Crowne-Phoenix Managers and Axela is the common member in Crowne-Phoenix Investors. Axela is also the property manager for the hotel.

40. Defendants Byers and Shereshevsky, together with Defendants Wextrust and WEP, controlled the issuer, CP Investors.

41. The Crowne-Phoenix PPM represented that the issuer was seeking to raise \$9.3 million to be used to pay part of the purchase of a hotel in Phoenix, Arizona, improvements of the hotel property, acquisition and closing fees, interest reserve and equity costs. Specifically, the Crowne-Phoenix PPM represented that the \$9.3 million raised from investors, together with the assumption of a primary mortgage of approximately \$21 million, would be used to pay the \$24 million purchase price for the hotel, as well as to fund \$3.6 million in required property improvements, acquisition costs, fees and the creation of an equity reserve. Moreover, the Crowne-Phoenix LLC agreement, which was annexed to the PPM, specifically forbids any commingling of the funds raised in that offering.

42. The Defendants knew, or were reckless in not knowing, that the representations in the Crowne-Phoenix PPM were false.

43. Wextrust email reveal that the Defendants made improper transfers of funds almost immediately after the August 2007 offering had commenced: In an October 9, 2007

email, Shereshevsky instructed various Wextrust employees that all funds for the Crowne-Phoenix offering be deposited directly into Wextrust's house account at Wachovia bank in Virginia. As recorded in a November 20, 2007 email from Wextrust's accounting department, (1) in October and November 2007, Crowne-Phoenix "loaned" Wextrust \$650,000 to fund payroll needs; (2) in October and November 2007, Crowne-Phoenix "loaned" Wextrust approximately \$1 million "to fund partial distribution check funding;" and (3) in October 2007, Crowne-Phoenix "loaned" Wextrust \$600,000 to fund or loan moneys to two other private placement entities, Guaranteed Depository Receipt Fund ("GDR") and Pure Africa Minerals LLC ("PAM").

44. In early 2008, the Defendants used money from other offerings to pay back the Crowne-Phoenix bank account for all the outward transfers. In an email dated February 25, 2008, Byers told Shereshevsky that some of the money raised for a new offering, West 82nd Street LLC, was used to repay some of the deficit owed to CP Investors:

We will be closing on W. 82nd [another LLC] very soon. We can use the money but obviously we used \$1.1 million for the Gold Coast [another LLC] and another \$1.6 million for Crowne for which we raised but never paid back.

45. The private placement memoranda for the West 82nd Street offering did not disclose to investors that some of the money raised would be paid to other Wextrust affiliates.

46. The Crowne-Phoenix PPM describes Defendant Shereshevsky as a "principal and integral part of Wextrust," and states that Shereshevsky was "instrumental in the founding of Wextrust Securities." The Crowne-Phoenix PPM fails to disclose Shereshevsky's prior felony conviction. Defendants Byers and Shereshevsky knew, or were reckless in not knowing, of

Shereshevsky's conviction.

47. Defendant Wextrust Securities acted as placement agent for the Crowne-Phoenix offering. Defendant Shereshevsky and his wife received \$130,953, or approximately one percent of the funds raised by Wextrust Securities in connection with the Crowne-Phoenix offering.

3. The Block III Offering Fraud

48. Block III Mines & Minerals, LLC ("Block III") is a Virginia limited liability company organized to make a loan to and acquire an interest in a Namibian company, Deva Investments (Pty), Ltd., which owns the exploration and mining rights in a group of diamond mines in Namibia known as Block III.

49. Block III Managers, LLC, a Virginia limited liability company, is the manager of Block III. Block III Managers is wholly-owned by Brandon Investments, LLC. The Block III PPM represents that Defendants Byers and Shereshevsky are the co-managers of Brandon Investments, and that Brandon Investments is a wholly-owned subsidiary of Wextrust.

50. Defendants Byers and Shereshevsky, together with Defendant Wextrust and Brandon Investments, controlled the issuer, Block III.

51. Block III issued a private placement memorandum dated March 22, 2007 (the "Block III PPM") seeking to raise \$11 million from investors. The Block III PPM represents that the proceeds of the offering will be used as follows: (a) \$4.5 million would be used for new equipment and operating capital, (b) \$1.5 million would be used to fund a reserve for a purchase option on two other mines, (c) \$1.75 million would fund an operating reserve, \$300,000 would pay legal and operating expenses, and (d) approximately \$2.95 million would be paid in fees to

Wextrust and Wextrust Securities. Moreover, the operating agreement attached to the Block III PPM specifically limited the use of funds to expenses related to Block III.

52. These representations were false. Moreover, the Defendants knew, or were reckless in not knowing, the representations were false. Almost immediately after the money was raised, Defendants diverted the proceeds to unauthorized uses.

53. The Wextrust balance sheet shows that \$3,990,910 of proceeds raised by Block III Mines & Minerals LLC was diverted to Wextrust Entities.

54. Defendant Wextrust Securities acted as a placement agent in the Block III offering.

55. The Block III PPM describes Shereshevsky as a "principal and integral part of Wextrust," and states that Shereshevsky was "instrumental in the founding of Wextrust Securities." The Block III PPM fails to disclose Shereshevsky's prior felony conviction. Defendants Byers and Shereshevsky knew, or were reckless in not knowing, of Shereshevsky's conviction.

56. Defendant Shereshevsky and his wife received transaction based compensation of \$249,577, or approximately two percent of the funds raised by Wextrust Securities, in connection with the Block III offering. The Shereshevskys also received \$750,000 in bonuses in connection with the Block III offering.

4. The Peoria Offering Fraud

57. Peoria Office Investors LLC is a real estate limited liability company formed by the Defendants to own the sole membership interest in Peoria Office Holdings, LLC ("PO Holdings"). PO Holdings was formed to acquire and operate an office building in Peoria,

Illinois. Peoria Office Investors issued a PPM dated November 9, 2007 (the "Peoria Office PPM"), seeking to raise \$4.7 million from 47 investors.

58. The manager of Peoria Office Investors is Peoria Office Managers, LLC.

Defendant Byers is the President of Peoria Office Managers. WEP is the manager of Peoria Office Managers.

59. Defendants Byers and Shereshevsky, together with Wextrust and WEP, controlled the issuer, Peoria Office Investors.

60. The Peoria Office PPM represented to investors that the \$4.7 million in proceeds expected to be raised, together with a mortgage of approximately \$11 million, would be used to pay the \$14.75 million purchase price, and the remaining money would pay closing costs, legal fees, acquisition fees and equity costs. Moreover, the Peoria Office LLC agreement, which was annexed to the PPM, specifically forbids any commingling of the funds raised in that offering.

61. These representations were false. Moreover, Defendants knew, or were reckless in not knowing, that the representations were false.

62. At the time the Peoria Investors PPM was issued, the Individual Defendants and Wextrust knew, or were reckless in not knowing, that proceeds raised would be diverted to other Wextrust Entities and for the Individual Defendants' own use. In November 2007, Shereshevsky and Partner A, in an email that was copied to Byers, openly discussed that the Wextrust entities were operating at a loss of \$1 million per month and that the diversion of funds would be necessary to pay payroll and other expenses of the various Wextrust Entities.

63. The Wextrust balance sheet indicates that, as of December 31, 2007, Wextrust had "borrowed" approximately \$1,048,863.90 from the Peoria Office Investors LLC offering proceeds.

64. Defendant Wextrust Securities was the placement agent for the Peoria Office offering.

65. The Peoria Office Investors PPM describes Shereshevsky as a "principal and integral part of Wextrust," and states that Shereshevsky was "instrumental in the founding of Wextrust Securities." The Peoria Office Investors PPM fails to disclose Shereshevsky's prior felony conviction. Defendants Byers and Shereshevsky knew, or were reckless in not knowing, of Shereshevsky's conviction.

66. In 2007, Defendant Shereshevsky and his wife received \$59,462, or approximately two percent of the funds raised by Wextrust Securities, in connection with the Peoria Office Investors offering.

5. Additional Fraudulent Offerings

67. Other emails among the Individual Defendants retrieved from Defendant Wextrust Securities show that numerous other offerings conducted by the Defendants are also fraudulent. Several emails reveal that during the past year the Individual Defendants have discussed the ever increasing deficit in funds owed to investors and the need to raise additional funds to pay prior investors. The Individual Defendants have staked their ability to extricate themselves from these frauds on the success of their diamond mining investments in Africa.

68. For example, through an email dated November 15, 2007, Partner A confronted Shereshevsky about wiring \$225,000 from the Crowne-Phoenix account to an account for

Wextrust affiliates in South Africa, specifically, Pure Africa Minerals (Pty) Ltd., a South African company formed to own mines in South Africa and Namibia. Partner A's concern was that money was needed to pay down a loan from Broadway Bank in connection with the Crowne-Phoenix investment for which Partner A and Byers had signed a personal guarantee. Shereshevsky's response reveals the widespread and deliberate commingling, the inability of the company to make payroll without loans, and that African investments was the "only hope" for getting the Individual Defendants out of the "mess" they're in. Shereshevsky responded, in part, to Partner A (emphasis added):

U have no idea what u r talking about. Wextrust borrowed about a month ago 750,000 from Skelton coast [in Africa]. Now we needed it so we took back 250,000. we [sic] are still owed 450,000 and I will continue to take it out until it is paid.

Partner A forwarded this email to Byers, stating (emphasis added):

Why are we paying money to Africa before pay back Broadway Bank. This is crazy. We both signed a personal guarantee here. Not comfortable with Joe having Carte Blance with the company's \$\$\$\$\$. If this continues, I will ask for a forensic audit.

Partner A then forwarded his email to Byers to Shereshevsky, who responded in part (emphasis added):

As of today the company owes Africa about 575,000 that is outstanding. The company owes me quite a bit of money including 200,000 that I lent them this morning so we can cover payroll including yours.

* * *

The reason why it is more important to pay back Africa is because our only hope of getting out of our mess is Africa. Including you [Partner A]. We are in debt and I am working diligently to get us out of it. Go ahead and do a forensic audit. It will show that *we spend about 1,000,000 more a month*

than we make, for the last 3 years especially the last 19 months. Now that you know that we take in less than we get by 1,000,000 a month do you still want your payroll?????? If no, please let me relieve you of it so you can do the right thing.

[Partner A] . . . we are on the verge of becoming a very strong company. However even if we do it will be very hard going for the next 6 months to a year. *We may have to maneuver and do things that maybe we would not do if we were cash rich.* You want to bicker, go ahead and bicker. It won't do anything for us. You want to be a team man then show it.

69. Emails retrieved from Wextrust Securities also reveal that investors are complaining that payments to them are being delayed or not paid, and they are concerned about their investments. To all the queries, a representative from Wextrust Securities has responded without disclosing that Wextrust was running a deficit and using funds from other entities to make payments to prior investors. In fact, behind the scenes, the Individual Defendants have engaged in frantic communications to drum up money to pay investors.

70. On May 13, 2008, Investor A filed a complaint with the Illinois Office of the Attorney General, in which he states that he "smells a rat" and that "This is smelling like a giant PONZI scheme. My belie[f] is that Wextrust could be playing a huge, financial shell game. Their financial situation may be so bad that they're delaying distributions to earn the float, and paying our late distributions out of new investor dollars. I fear their house of cards is about to collapse, leaving investors holding the bag."

C. Ongoing Fraudulent Offerings

71. The Defendants are currently in the midst of conducting at least four offerings in investments or instruments which are securities in the form of investment contracts, notes or other evidence of indebtedness: (i) Drake Oak Brook Investors, LLC; (ii) a note offering by

Defendant WEP (the "GSPN"); (iii) 625 Paragon Investors, LLC ("625 Paragon"); and (iv) ATM II.

72. The Drake Oak Brook offering commenced on November 10, 2007 and seeks to raise \$14.5 million purportedly to acquire indirectly and develop a Wyndham branded hotel. To date, the offering has raised approximately \$11.6 million, with one investor investing \$100,000 on July 21, 2008.

73. The GSPN offering began in December 2007 and has to date raised approximately \$4.6 million. The private placement memorandum represents that the proceeds will be used to fund short-term loans to entities affiliated with WEP, to fund security deposits, pay up-front fees and costs related to property acquisitions, provide bridge loans, and provide financing for tenant improvement costs and construction on currently owned real estate.

74. The 625 Paragon offering commenced on or about April 17, 2008, seeking to raise \$4.8 million from investors to acquire indirectly and develop a residential complex in Chicago, Illinois. The 625 Paragon private placement memorandum represents that the offering proceeds will be used to make a \$3 million contribution to acquire an interest in Paragon/Division LLC and for placement fees and syndication costs, a development fee, and a "preferred return reserve." To date, the offering has raised approximately \$1,015,000, with one investor investing \$100,000 on July 2, 2008 and another investing \$100,000 on July 10, 2008.

75. ATM II commenced an offering on April 24, 2008 and seeks to raise \$25 million from investors to acquire 10% of Wextrust's interest in a Wextrust affiliate, a South African entity called Pure Africa Minerals (Pty) Ltd. To date, ATM II has raised just over \$1 million with one investor making a \$250,000 investment on June 18, 2008.

76. Upon information and belief, Defendants intend to use some or all of the proceeds raised by these four LLC Entities to meet obligations of other Wextrust Entities. The ATM II offering, in particular, is designed to fund deficits at other Wextrust Entities. Upon information and belief, the proceeds of the ATM II offering will go directly to Byers and Shereshevsky as opposed to buying a property. The Defendants intend to use funds raised to pay obligations owed to prior investors in other LLC Entities.

77. A March 18, 2008 email from Shereshevsky to Byers shows that were both well aware of fraudulent activities they were engaged in (emphasis added):

Please remember one thing. That although I always take care of you and myself, my goal in this thing as I have always told you from day one, is to get [W]extrust out of all the shit before the end of 09 or 10 at the latest. that is my primary concern. *We have faked it until we made it for long enough and now we must clean up.*

78. As recently as July 2, 2008, Shereshevsky emailed Partner A stating, "We are in business. We are raising money. We received commitments today on atm, drake and paragon to the tune [sic] of over 2.5 million."

D. Fraudulent Over-Raising

79. The Defendants have also resorted to "over-raising" funds in a number of offerings in order to use excess proceeds to meet deficits in other entities. Wextrust Securities' records show that the actual amount raised in at least twenty-one offerings exceeds the amount that the Defendants represented they would raise in the various private placement memoranda by a total of more than \$20 million. Upon information and belief, the Defendants never disclosed the over-raises to any investors.

80. The purpose of the over-raising is made clear by the Defendants' e-mails. In an

April 11, 2008 email to Byers, Shereshevsky requests a short telephone conversation to discuss certain agenda items, one of which is "Ideas for cash to survive until I finish this underwriting [sic]." Later that same day, Shereshevsky sends a "follow up" email to Byers, stating, "We have to do some old fashion over raising, raise for the GDR and High Yield (on shore) [another LLC entity] to get through these months."

81. Byer's view that over-raising translates into "profits" is set out in a previous email to Shereshevsky on March 12, 2008, in which he states:

Also, a big part of what we do is make money, profit, by raising more than the minimum that is required. Yes, it needs to be in reason but we have to have the ability to do this. We must determine with our accountants how we book and treat this and [the then-current CFO] can either get in line or get out of the way.

Not surprisingly, the CFO referred to in the email has since resigned.

E. Failure to File Proper Forms BD With the Commission and Pass Licensing Exams

82. Wextrust Securities and the Individual Defendants have failed to make proper filings with the Commission revealing that Shereshevsky is a control person of registered broker-dealer, Wextrust Securities. In addition to Byers, among others, Wextrust Securities' Form BD only discloses Shereshevsky's wife as being a control person associated with Wextrust Securities' parent company, Wextrust.

83. While acting as a broker, Defendant Shereshevsky has not registered with the Commission as a broker. Alternatively, Wextrust Securities, Byers and Shereshevsky have failed to properly license Shereshevsky as associated with Wextrust Securities.

84. While Wextrust Securities Form BD filings with the Commission and FINRA, which also regulates Wextrust Securities, makes no mention of Shereshevsky's involvement with

the broker-dealer, Shereshevsky is actively involved in management of the broker-dealer and in soliciting investments for the numerous private placement offerings.

85. The emails retrieved from Wextrust Securities demonstrate that Shereshevsky is involved in the every day business of the broker-dealer, which consists almost exclusively of soliciting investors in the private placement offerings.

86. Records of Defendant Wextrust Securities show that Shereshevsky is assigned credit for having solicited numerous investors. At least one private placement memorandum for Crowne-Phoenix, dated August 8, 2007, touts that "Mr. Shereshevsky was instrumental in the founding of Wextrust Securities, LLC, which is a licensed broker-dealer with registered representatives in the U.S. as well as parts of Europe and Israel."

87. Defendants Byers and Shereshevsky admitted that Shereshevsky received commissions for soliciting investors in an email exchange between them on April 9-10, 2008. Defendants Byers and Shereshevsky knew it was wrong to conceal Shereshevsky's role in soliciting investors. Instead of disclosure, Byers suggested they "take all history into a positive" by calling Shereshevsky a "Risk Specialist" and compensating him for commissions in another way:

My recommendation is that nothing should be on your card, just your name, and your position should be "Risk Specialist". Using that can take [sic] all history into a positive. Furthermore, you bring in potential investors and you tell them "what you told management" about the positive AND the RISKS and then turn them over to Mike or someone with a series 7. On compensation, we will have to rework. You will have to get paid salary plus bonus and then ownership distribution through the partnership interests. Fees and % of fees for raising money will have to stop or we will be shut down. Take it out another way.

88. While Defendant Byers is listed as being associated with Wextrust Securities on

the BD Form filings, Byers has not taken and passed any required licensing exams required to manage a broker-dealer (the Series 24) or to solicit investments from investors (the Series 7). Shereshevsky also has not passed any licensing exams. Byers and Shereshevsky are both engaged in the operation and supervision of Wextrust Securities and in soliciting investors.

FIRST CLAIM FOR RELIEF

**Violations of Section 17(a)(1) of the Securities Act
(Against all Defendants)
(Antifraud violations)**

89. Paragraphs 1 through 88 are realleged and incorporated by reference as if set forth fully herein.

90. From at least 2005 through the present, the Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation and communication in interstate commerce or by the use of the mails, directly and indirectly, have employed and are employing devices, schemes and artifices to defraud.

91. The Defendants knew or were reckless in not knowing of the activities described above.

92. By reason of the activities herein described, the Defendants have violated and are violating Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)].

SECOND CLAIM FOR RELIEF

**Violations of Section 17(a)(2) and 17(a)(3) of the Securities Act
(Against all Defendants)
(Antifraud violations)**

93. Paragraphs 1 through 88 are realleged and incorporated by reference as if set forth fully herein.

94. From at least 2005, the Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation and communication in interstate commerce or by the use of the mails, directly and indirectly, have obtained and are obtaining money and property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and have engaged and are engaging in transactions, practices or courses of business which have operated and will operate as a fraud and deceit upon investors.

95. By reason of the activities herein described, the Defendants have violated and are violating Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §77q(a)(2) and §77q(a)(3)].

THIRD CLAIM FOR RELIEF

**Violations of Section 10(b) of the Exchange Act and Rule 10b-5
(Against all Defendants)
(Antifraud violations)**

96. Paragraphs 1 through 88 are realleged and incorporated by reference as if set forth fully herein.

97. From at least 2005 through the present, the Defendants, in connection with the purchase and sale of securities, directly and indirectly, by the use of the means and

instrumentalities of interstate commerce or of the mails, have employed and are employing devices, schemes and artifices to defraud; have made and are making untrue statements of material fact and have and are omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and have engaged and are engaging in acts, practices and courses of business which operated as a fraud and deceit upon investors.

98. Defendants knew or were reckless in not knowing of the activities described above.

99. By reason of the activities herein described, the Defendants have violated and are violating Section 10(b) of the Exchange Act [15 U.S.C. §§78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5] promulgated thereunder.

FOURTH CLAIM FOR RELIEF

**Violations, and Aiding and Abetting Violations, of
Section 15(c)(1) Of The Exchange Act, 15 U.S.C. §78o(c)(1), And
Rule 10b-3, 17 C.F.R. §240.10b-3
(Against Wextrust Securities, Byers and Shereshevsky)
(Violations of Antifraud Provisions by Brokers)**

100. Paragraphs 1 through 88 are realleged and incorporated by reference as if set forth fully herein.

101. Wextrust Securities engaged and is engaging in the business of effecting transactions in securities for the accounts of others, and therefore was and is a broker within the meaning of Section 3(a)(4) of the Exchange Act, 15 U.S.C. §78c(a)(4).

102. Wextrust Securities, while a broker, directly or indirectly, by use of the mails or the means or instrumentalities of interstate commerce, has effected and is effecting transactions

in, and has induced and attempted to induce and are attempting to induce the purchase or sale of, securities by means of manipulative, deceptive, or other fraudulent devices or contrivances, including: (a) acts, practices, and courses of business that operated or would have operated as a fraud or deceit upon any person, including persons to whom Wextrust Securities offered and/or sold securities; and (b) making untrue statements of material fact and omissions to state a material fact necessary, in order to make the statements made, in light of the circumstances under which they were made, not misleading with knowledge or reasonable grounds to believe that such statements are untrue or misleading.

103. As part of and in furtherance of this violative conduct, Wextrust Securities offered and/or sold securities by making the material misrepresentations and omissions set forth herein.

104. Wextrust Securities knew, was reckless in not knowing, or had reasonable grounds to believe that said representations or omissions were false or misleading.

105. By reason of the foregoing, Wextrust Securities violated, and, unless restrained and enjoined, will again violate Section 15(c)(1) of the Exchange Act, 15 U.S.C. §78o(c)(1), and Rule 10b-3, 17 C.F.R. §240.10b-3.

106. By reason of the foregoing, Byers aided and abetted, and, unless restrained and enjoined, will again aid and abet, Wextrust Securities' violations of Section 15(c)(1) of the Exchange Act, 15 U.S.C. §78o(c)(1), and Rule 10b-3, 17 C.F.R. §240.10b-3.

107. To the extent Shereshevsky was associated with Wextrust Securities, and not acting as a broker unassociated with a registered broker-dealer, Shereshevsky aided and abetted, and, unless restrained and enjoined, will again aid and abet, Wextrust Securities' violations of Section 15(c)(1) of the Exchange Act, 15 U.S.C. §78o(c)(1), and Rule 10b-3, 17 C.F.R.

§240.10b-3.

FIFTH CLAIM FOR RELIEF

**Violations of Section 15(a) of the Exchange Act, 15 U.S.C. §78o(a)
(Against Shereshevsky)
(Violations of Registration Provisions By Brokers)**

108. Paragraphs 1 through 88 are realleged and incorporated by reference as if set forth fully herein.

109. Shereshevsky, when he was neither registered with the Commission as a broker nor a properly licensed associated person of a registered broker-dealer, made use of the mails or means and instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of securities.

110. During the time of the transactions and events alleged in this Complaint, Shereshevsky was neither registered with the Commission as a broker nor properly licensed to sell securities as an associated person of any registered broker-dealer.

111. By reason of the foregoing, Shereshevsky violated and, unless restrained and enjoined, will again violate Section 15(a)(1) of the Exchange Act, 15 U.S.C. §78o(a)(1).

SIXTH CLAIM FOR RELIEF

**Violations, and Aiding and Abetting Violations, of Section 15(b) of the Exchange Act
and Rule 15b7-1 thereunder, 15 U.S.C. § 78o(b) and 17 C.F.R. § 240.15b7-1
(Against Wextrust Securities, Byers and Shereshevsky)
(Against Use of Unregistered Salespersons)**

112. Paragraphs 1 through 88 are realleged and incorporated by reference as if set forth fully herein.

113. As set forth above, Wextrust Securities permitted unregistered employees to buy

and sell securities.

114. As a result of the conduct set forth above, Wextrust Securities willfully violated Section 15(b) of the Exchange Act and Rule 15b7-1 promulgated thereunder, 15 U.S.C. § 78o(b) and 17 C.F.R. § 240.15b7-1.

115. Defendants Byers aided and abetted Wextrust Securities' violations of Section 15(b) of the Exchange Act and Rule 15b7-1 promulgated thereunder, 15 U.S.C. § 78o(b) and 17 C.F.R. § 240.15b7-1.

116. To the extent Shereshevsky is associated with Wextrust Securities, and not acting as a broker that is not associated with a registered broker-dealer, Shereshevsky aided and abetted Wextrust Securities' violations of Section 15(b) of the Exchange Act and Rule 15b7-1 promulgated thereunder, 15 U.S.C. § 78o(b) and 17 C.F.R. § 240.15b7-1.

SEVENTH CLAIM FOR RELIEF

Violations, and Aiding and Abetting Violations, of Section 15(b) of the Exchange Act and Rules 15b1-1 and 15b3-1 thereunder, 15 U.S.C. § 78o(b) and 17 C.F.R. §§ 240.15b1-1, 240.15b3-1

**(Against Wextrust Securities, Byers and Shereshevsky)
(Undisclosed Control Persons)**

117. Paragraphs 1 through 88 are realleged and incorporated by reference as if set forth fully herein.

118. As set forth above, Wextrust Securities failed to disclose to the SEC, as required, that Shereshevsky exercised control, directly or indirectly, over Wextrust Securities' management and policies, through agreement or otherwise, and that Shereshevsky had a prior felony conviction for bank fraud.

119. As a result, Wextrust Securities violated, and Byers and Shereshevsky aided and

abetted the violations by Wextrust Securities, of Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b), and Rules 15b1-1 and 15b3-1 promulgated thereunder, and 17 C.F.R. §§ 240.15b1-1, 240.15b3-1.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court grant the following relief:

I.

Enter judgment in favor of the Commission finding that the Defendants each violated the securities laws and rules promulgated thereunder as alleged herein;

II.

An order permanently enjoining the Defendants, their agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from committing future violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5, 17 C.F.R. § 240.10b-5.

III.

An order permanently enjoining Wextrust Securities, its agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from committing future violations of Sections 15(b) and 15(c)(1) of the Exchange Act, 15 U.S.C. §§ 78o(b) and

78o(c)(1), and Rules 10b-3, 15b1-1, 15b3-1 and 15b7-1 promulgated thereunder, 17 C.F.R. §§ 240.10b-3, 240.15b1-1, 240.15b3-1 and 240.15b7-1.

IV.

An order permanently enjoining Shereshevsky, his agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from committing future violations of Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1), or alternatively, from aiding and abetting future violations of Sections 15(b)(1), 15(b)(7) and 15(c)(1) of the Exchange Act, 15 U.S.C. §§ 78o(b)(1)&(7) and 78o(c)(1), and Rules 10b-3, 15b1-1, 15b3-1 and 15b7-1 promulgated thereunder, 17 C.F.R. §§ 240.10b-3, 240.15b1-1, 240.15b3-1 and 240.15b7-1.

V.

An order permanently enjoining Byers, his agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from aiding and abetting future violations of Sections 15(b) and 15(c)(1) of the Exchange Act, 15 U.S.C. §§ 78o(b) and 78o(c)(1), and Rules 10b-3, 15b1-1, 15b3-1 and 15b7-1 promulgated thereunder, 17 C.F.R. §§ 240.10b-3, 240.15b1-1, 240.15b3-1 and 240.15b7-1.

VI.

An order directing the Defendants to disgorge their ill-gotten gains, plus prejudgment interest thereon.

VII.

A order directing the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

VIII.

Granting such other and further relief as to this Court seems just and proper.

Dated: New York, New York
August 11, 2008

By: 

Andrew M. Calamari (AC-4864)

Associate Regional Director

Attorney for Plaintiff

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08CV4887

JUDGE DOW

MAGISTRATE JUDGE BROWN

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

STEVEN BYERS, JOSEPH SHERESHEVSKY,
WEXTRUST CAPITAL, LLC, WEXTRUST
EQUITY PARTNERS, LLC, WEXTRUST
DEVELOPMENT GROUP, LLC, WEXTRUST
SECURITIES, LLC, and AXELA HOSPITALITY,
LLC,

Defendants.

USDS SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: 8/11/08

No. 08 Civ. 7104 (SWK)

FILED

AUG 26 2008

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AUG 26 2008
MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

ORDER FREEZING ASSETS

On the Application of Plaintiff Securities and Exchange Commission for an Order freezing the Defendants' assets pending adjudication of the Commission's request for a preliminary injunction, the Court has considered (1) the Complaint filed by the Commission on August 11, 2008; (2) the Declaration of Tamara R. Heller, executed on August 10, 2008, and the exhibits thereto, including the declarations of William Schorsch, Nanette L. Wauchop and Patricia K. Singleton; (3) the Declaration of Steven G. Rawlings pursuant to Local Rule 6.1, executed on August 11, 2008, and the exhibits thereto; (5) the memorandum of law in support of Plaintiff Commission's application, dated August 10, 2008.

Based on the foregoing documents, the Court finds that a proper showing, as required by Section 20(b) of the Securities Act, and Section 21(d) of the Exchange Act, has been made for the relief granted herein because it appears that the Defendants may attempt to dissipate, deplete, or transfer from the jurisdiction of this Court, funds, property and other assets that could be subject to an order of disgorgement or an order imposing civil penalties. Further, it appears that

an order freezing the Defendants' assets, as specified herein, is necessary to preserve the *status quo*, to protect investors and clients of the Defendants from further transfers of funds and misappropriation, to protect this Court's ability to award equitable relief in the form of disgorgement of illegal profits from fraud and civil penalties, and to preserve the Court's ability to approve a fair distribution for victims of the fraud.

Good and sufficient reasons have been shown why procedure other than by notice of motion is necessary.

This Court has jurisdiction over the subject matter of this action and over the Defendants, and venue properly lies in this District.

NOW, THEREFORE,

IT IS HEREBY ORDERED that, pending a hearing and determination of the Commission's Application for a Preliminary Injunction, the Defendants, and each of their financial and brokerage institutions, officers, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them and all other persons or entities who receive actual notice of such Order by personal service, facsimile service or otherwise, and each of them, hold and retain within their control, and otherwise prevent, any withdrawal, transfer, pledge, encumbrance, assignment, dissipation, concealment or other disposal of any assets, funds, or other property (including money, real or personal property, securities, commodities, choses in action or other property of any kind whatsoever) of, held by, or under the direct or indirect control of the Defendants, including, but not limited to, entities owned or controlled by, related to, or associated or affiliated with the Defendant Wextrust Entities and the limited liability companies they control or have an ownership interest in, including but not limited to, those entities listed in Exhibit A, whether held in any of their names or for any of their direct or

indirect beneficial interest wherever situated, in whatever form such assets may presently exist and wherever located within the territorial jurisdiction of the United States courts, and directing each of the financial or brokerage institutions, debtors and bailees, or any other person or entity holding such assets, funds or other property of the Defendants to hold or retain within its or his control and prohibit the withdrawal, removal, transfer or other disposal of any such assets, funds or other properties including, but not limited to, all assets, funds, or other properties held in the accounts listed in Exhibit B, as well as each real estate parcel owned directly or indirectly by the Defendant Wextrust Entities and the limited liability companies they control of have an ownership interest in, including but not limited to, those entities listed on Exhibit A.

IT IS FURTHER ORDERED that a copy of this Order and the papers supporting the Commission's Application be served upon the Defendants on or before August 12, 2008, by personal delivery, facsimile, overnight courier, or first-class mail.

IT IS FURTHER ORDERED that this Order shall be, and is, binding upon the Defendants and each of their respective officers, agents, servants, employees, attorneys-in-fact, subsidiaries, affiliates and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile service, or otherwise.

SO ORDERED.

Dated:

1:15 pm
August 11, 2008
New York, New York


RICHARD J. SULLIVAN (PART I)
UNITED STATES DISTRICT JUDGE